

**ACCOUNTING EXAMINING BOARD  
MINUTES  
MADISON, WISCONSIN  
MARCH 16, 2001**

**PRESENT:** Frank Probst, Roman Jungers, Jim Johnson, Frederick Franklin, and Thomas Kilkenny

**EXCUSED:** Sharon Hamilton

**STAFF PRESENT:** Alfred Hall Jr., Becky Fry, William Dusso, Legal Counsel; Jan Bobholz, Barbara Showers, Darwin Tichenor were present for portions of the meeting.

**GUESTS:** Arland Stone - WAA  
LeRoy Schmidt - WICPA  
Bart Adams - WICPA  
Mike Vaughn - WICPA

**CALL TO ORDER**

The meeting was called to order at 9:09 a.m. by Frank Probst, Chair. A quorum of five members was present.

**AGENDA**

**MOTION:** Roman Jungers moved, seconded by Jim Johnson, to approve the agenda as published.

**MINUTES (1/19/01)**

The Board received a revised copy of the 1/19/01 minutes. The following additional changes were made:

Regulatory Digest Articles for 3/01 Publication

paragraph 3 to read: "The Board discussed the work of the Law Revision Committee of the Legislature relating to the repeal of public accountants from the statutes and the removal of the antiquated language in Chapter 442, Stats."

paragraph 4 – eliminate the last sentence.

paragraph 5 to read: "The Board agreed with the recommendation to include repealing the antiquated language in Chapter 442, Stats., as a part of the UAA bill sponsored by the WICPA."

Legislative Issues – Proposed Advisory Committee

paragraph 3 – The last sentence to read: "Mr. Dusso also suggested the Committee revise the vague administrative rules as recommended by the Department's Rules Revision Committee."

paragraph 4: -The last sentence to read: “He recommended comparison of the AICPA and NASBA codes by the Committee of the AICPA would serve as input to the work of that Task Force.”

New Business – The last sentence to read: “The Board explained a business course is any course offered by a college of an accredited university which is accepted for a business degree offered by that institution may be counted.

**MOTION:** Jim Johnson moved, seconded by Roman Jungers, to approve the minutes as amended. Motion carried unanimously.

Jim Johnson recommended the criteria for a business course, be sent to colleges and universities with an accounting program for clarification of procedures.

## **ADMINISTRATIVE REPORT**

### **Deputy Secretary William Conway**

Deputy Secretary Conway informed the Board that he is functioning as the Acting Secretary. He indicated there is no information available on who will be appointed as the new Secretary.

### **Bureau Directors Report**

- **Board Roster**

The Board received a copy of the January 2001, roster.

- **2001 Meeting Dates**

Mr. Johnson stated he would not be available for the May 18, 2001, meeting.

- **Regulatory Digest Articles for 9/01 Publication**

The Board determined the following articles would be in the upcoming digest: practice ethics, when a firm needs to be licensed, and the Accounting Rules Advisory Committee report.

- **Applications Reviewed**

Staff did not approve any applications by delegation.

### **To-Pass Folder**

The To-Pass Folder information was noted.

## **LEGISLATIVE ISSUES**

### **Recommendations for Comparison of Model Code of Conduct (NASBA and AICPA) With Wisconsin Statutes and Administrative Code (Dusso)**

This issue has been referred to the Accounting Rules Advisory Committee.

### **Advisory Committee Update**

The Accounting Rules Advisory Committee will meet at 9:00 a.m. on Friday, April 6, 2001.

### **Contingency Fee Agreement**

This issue was deferred.

## **ADMINISTRATIVE RULES**

### **Proposed Rule for Required Experience Prior to Acquiring Senior-Level Experience**

Mr. Hall reported the scope statement relating to the rule for candidates having to meet the examination requirement of possessing a bachelor's or higher degree with a residential major in accounting or its reasonable equivalence before earning senior-level experience, would be submitted to the reviser of statutes bureau for publication in the administrative register.

**MOTION:** Roman Jungers moved, seconded by Tom Kilkenny, to delegate Frank Probst to approve the rule draft on behalf of the Board for submission to the Legislative Clearinghouse, and to schedule a public hearing for May 18, 2001. Motion carried unanimously.

## **NASBA**

### **Special Meeting on Computerized Testing**

- **Computerization of the Uniform CPA Examination**

Dr. Showers reported NASBA is hosting a Special Examination Conference meeting on May 10, 2001, and would like the Board's position on issues regarding cost, control, and contract matters relating to the development of computerized testing. Dr. Probst, Mr. Kilkenny, Dr. Showers and Mr. Hall will attend the meeting.

Dr. Showers and Mr. Hall will draft a letter to NASBA on behalf of the Board regarding conditions for attending the conference, computerized exam process questions, requesting additional agenda information, the desired outcome of the meeting, and the suggestion of having a delegate from the AICPA attend to answer any examination development and administration questions.

The Board approved by consensus, Dr. Showers' March 16, 2001, memo to Michael Granen, California State Board of Accountancy, responding to Legal Issues Questions regarding the computerized uniform accountancy examination.

- **Executive Director Comments by Topic**

Noted.

- **State Board Examination Conference**

Noted.

- **Examination Conference**

Noted.

- **Request for Proposal From NASBA for CBT**

Noted.

### **Focus Questions**

The Board completed the “Regional Directors’ Focus Questions”.

### **2001 Regional Meetings Tentative Agenda**

**MOTION:** Roman Jungers moved, seconded by Tom Kilkenny, to approve Sharon Hamilton as the delegate to the 2001 Eastern Regional Meeting, June 6-8, 2001, in Portland, Maine and designate Dr. Probst as the alternate. Motion carried unanimously.

The Board discussed sharing the funding when more than one member was interested in attending a meeting. The delegate would be reimbursed for the funding. The attending members would determine among themselves how the funding would be shared.

### **Communications**

- **Highlights of 1/19/01 Board of Directors Meeting**

Noted.

- **9/15/00 Board of Directors Minutes**

Noted.

- **Summary of Focus Questions**

Noted.

- **Report From the Regulatory Structures Committee**

Noted.

### **Limited Review of the November 2000 Uniform CPA Examination**

Noted.

**AICPA**

The following information will be referred to the Accounting Rules Advisory Committee for discussion and its recommendations.

### **AICPA Proposal on Engagement-team Independence**

#### **Ethics Committee Update**

- **Independence Article**
- **AICPA/SEC Rule Comparison**
- **State Board PowerPoint Presentation**

### **AICPA/NASBA COMPUTERIZATION IMPLEMENTATION COMMITTEE**

#### **Briefing Paper No. 2, Computerizing the Uniform CPA Examination – Issues, Strategies, and Policies: An Update**

This issue was deferred to the May 18, 2001, meeting. Dr. Probst and Mr. Kilkenny would like a bond copy of the paper sent to them.

#### **Exposure Draft**

- **Proposed Structure and Content Specifications For the Uniform CPA Examination**

This issue was deferred to the May 18, 2001, meeting.

### **EXAMINATION ISSUES**

Dr. Showers addressed performance issues regarding the use of Prometric, as the examination administrator, which provides no outside supervision. She reported Prometric has invited the Board to tour the Whitney Way test center to provide answers to questions and concerns the Board may have. The tour will be scheduled for August 17, 2001, at 1:00 p.m.

Darwin Tichenor distributed and reviewed CPA exam candidate statistics and the decline in the number of new candidates to sit for the May exam. The Board students graduating in May 2001, with a 4-year degree are not eligible to sit for the examination. Effective January 1, 2001, each examination candidate must complete at least 150 semester hours of education with an accounting concentration or its equivalent from a board approved college or university.

Mr. Hall addressed the NASBA Quick Poll relating to a Request For Proposal from NASBA for Computer Based Testing (CBT). Dr. Probst indicated the questions are structured to presuppose NASBA as the appropriate examination vendor. The Board opposes NASBA as the vendor.

### **BOARD MEMBER ACTIVITY**

Nothing to discuss.

### **PRACTICE ISSUES**

## **Wisconsin Law Regarding Compilations by CPA in Non-CPA Firm**

Mr. Dusso reviewed a February 8, 2001 memorandum to William Keenan of the AICPA relating to whether Wisconsin law prohibits a person who is a certified public accountant (CPA) and who is a member of a firm engaged in tax preparation and accounting services from issuing a compilation of financial information under the name of the firm where: (1) the firm is not licensed as a CPA; (2) the firm does not hold itself out to practice as a CPA firm; and, (3) the individual CPA does not use the CPA title individually or as part of the tax practice and accounting service.

## **Revised Draft of Response to Rocky Cummings Letter on Interstate Practice**

Mr. Dusso discussed his March 16, 2001 draft response to Delloitte & Touche, LLP concerning enforcement of the Board's contingency fee rule in multi-state practice settings.

## **When Must a Firm Be Licensed**

A firm must be licensed anytime it holds itself out as practicing accounting services or offering to provide accounting services. This information for CPA Firms will be included in the Regulatory Digest.

## **MISCELLANEOUS CORRESPONDENCE/INFORMATION**

### **Uniform CPA Examination**

No further discussion held.

### **Request to Sit for Examination Based on Graduation From a Non-Accredited College**

Mr. Dusso reported applicants are required by statute to graduate a bachelor's degree or higher degree -granting institution of higher education accredited by the commission on institutions of higher education of the north central association of colleges and schools or its regional equivalent.

## **NEW BUSINESS**

Mike Vaughn, legal counsel for the Wisconsin Certified Public Accountants (WICPA) distributed copies of LRB-0256/2 relating to licensure of certified public accountants and accounting firms, attest and compilation services, peer review of accounting firms, eliminating certificates of authority for public accountants, and granting rule-making authority; an Explanation of LRB-0256/2; and Rule Changes Needed Under LRB-0256/2.

Mr. Vaughn reviewed the legislative draft with the Board. The draft incorporated the repeal of antiquated language relating to public accountants, statutory amendment to incorporate the provisions of the UAA related to one year of .

Mr. Vaughn addressed the principle of peer review being a confidential relationship between the reviewer and the firm being reviewed. The peer review process is not intended to be an enforcement tool, but to be educational and to determine whether an individual has met the standards. The Board raised a concern of substandard practice not being reported. Licensees are responsible for reporting any substandard performance to the board.

WICPA and Mr. Hall will provide the Board with model rules relating to peer review from other states; (the process for peer review, statutory or administrative code provisions, and challenges they have had with the peer review process).

The Board continues to endorse the peer review requirement; however, it agreed that the peer review rules need further discussion and it took no action on this issue.

Frank Probst questioned the issue of reciprocity and whether the proposed legislation addresses the distinction between temporary practice and relocation to the state of Wisconsin. Mr. Vaughn indicated that the proposed language does not speak to this issue.

### **RECESS TO CLOSED SESSION**

The Section did not adjourn to closed session, as there was no business that needed to be discussed in closed session.

### **APPLICATION REVIEW**

**MOTION:** Roman Jungers moved, seconded by Jim Johnson, to approve the following applications for registration as certified public accountants. Motion carried unanimously.

#### **FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT**

Applicants applied based on examination, transfer of credit from another state (identified by #) and endorsement of license from another state (identified by \*).

#### **Applications Reviewed By The Board On March 16, 2001**

##### **1. Approved 41**

ABERLE, RACHEL A C  
BAUMANN, AARON F  
BEYERS, NAOMI A  
BOWSER, NICOLE R  
CHOJNACKI, BRIAN J  
DEMRO, RHONDA S  
DIDERRICH, COURTNEY E  
DURST, KAREN S  
EFFENHEIM, JOHN A  
FARMER, KATHY E  
GROVER, STEVEN T  
HINTON, KARRI A  
KARTSCHOKE, RONALD S  
KERN, RANDAL J  
KETTNER, AMY S  
KOCHAN, LYNNE M  
LAURET, MARC A  
LEHTO, LARISSA A  
MAHAN, MICHAEL J  
MCCLINTOCK, THERESA M

NAEKRSZ, LAURIE A  
NGUYEN, KIMBERLY D  
NORDNESS, KATHLEEN M  
NORLANDER, ADAM R  
PERRAULT, SANDRA M  
PETERSEN, KEVIN M  
PETERSON, SUZANNE M  
POPE, HEIDI M  
RAFLIK, STEVEN P  
RASMUSSEN, ALEXANDER N  
REICHERT, DALE R  
RUSSELL, MIKE L  
SHARPEE, KATHERINE M #  
SHEAHAN, PATRICK S  
THORPE, JOSEPH W  
TORCIVIA, PHILIP  
TRELKA, JEFFREY A  
ZHU, WEI #  
ZIEGLER, BRIAN J  
ZIMMERMAN, DEANNA L

Reviewed by Staff

The following applications for public accounting were issued a credential based upon Staff Delegation. Applicants applied based on examination, transfer of credit from another state (identified by #) and endorsement of license from another state (identified by \*)

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

1. Approved – 31

COGLIANESE, DONALD M 01/29/2001  
DRUMM, PETER E 03/05/2001  
FAUCETT JR, ALLEN \* 03/05/2001  
FRENCH, JEFFREY S 01/31/2001  
GIRAGOSIAN, AMY C # 02/02/2001  
HANNEMAN, JENNIFER J 02/22/2001  
HEYROTH, STEPHEN K 03/12/2001  
HOEHNE, BRUCE E \* 03/12/2001  
HOYTINK, TODD M 01/31/2001  
IMHOFF, STEPHANIE K 01/29/2001  
JANZEN, CARRIE A 03/07/2001  
KELLER, LYNN A 01/29/2001  
KUEHL, JAMES M 03/05/2001  
LESTER, ELIZABETH A \* 02/07/2001  
LIPSKI, KELLY S 02/22/2001  
MCMILLEN, MATTHEW C 02/22/01

MECHENICH, BRIAN J 02/22/2001  
MORTONSON, JAMES M 01/25/2001  
OLSON, LORI L 03/07/2001  
PACK, MICHAEL E 03/12/2001  
PETERS, LINDA L 01/31/2001  
PIERCE, RYAN J 02/07/2001  
ROSZAK, SHANNON M 03/07/2001  
SCHAMBUREK, HEATHER A 01/29/2001  
SONNEK, JESSICA M \* 02/07/2001  
STANDIFORD, ARA J 03/07/2001  
TOKARSKI, PATRICK J 03/07/2001  
VERHAALLEN, MATTHEW A 03/07/2001  
WARNER, JAY C# 02/02/2001  
WIDMAR, DIANA J 01/31/2001  
WILLIAMS, REBECCA A 03/07/2001

**MOTION:** Tom Kilkenny moved, seconded by Jim Johnson, to issue an intent to deny to Nicole C. Mortenson. Motion carried unanimously.

**MOTION:** Jim Johnson moved, seconded by Roman Jungers, to approve the applications for Jerome L Alton and Rebecca M Grassman for registration as certified public accountants. Motion carried unanimously.

**ADJOURNMENT**

**MOTION:** Roman Jungers moved, seconded by Jim Johnson, to adjourn the meeting at 1:19 p.m. Motion carried unanimously.